

Acknowledgements & Advisements

Background: The Maine Health Data Organization (MHDO) has collected paper copies of audited financial statements from each Maine hospital since 1994. Due to inconsistencies in the level of detail provided in the audited financial statements, one component of legislation enacted in June of 2005, "An Act to Implement Recommendations of the Commission to Study Maine's Community Hospitals", was the requirement that all non-governmental Maine hospitals annually submit to the MHDO standardized financial information in an electronic format. This legislation also mandated that the information be made available to the public.

Data Source:

Data used in the tables are reported by each non-governmental Maine hospital on the standardized financial template and submitted to the MHDO, along with each hospital's audited financial statements and other pertinent financial information. Additional data have been obtained from the most current version of the INGENIX "Almanac of Hospital and Financial & Operating Indicators", publication and are included in the following tables:

- Total Margin
- Return on Net Equity
- Current Ratio (without Board Designated/Undesignated Investments)
- Days Cash on Hand (Current)
- Days Cash on Hand (Including Board Designated & Undesignated Investments)
- Average Payment Period (Current Liabilities)
- Debt Service Coverage Total
- Cash Flow to Total Debt
- Fixed Asset Financing
- Total Asset Turnover
- Average Age of Plant (Depreciation Only).

Data Review:

The MHDO reviews information found in the standardized template, comparing the information with the hospitals' audited financial statements for accuracy and consistency.

Financial Data Elements:

Information found in the tables represents financial data elements found on the standardized template from three sections of the audited financial statements. These include the balance sheet, statements of operations, and changes in net assets.

Financial Ratios:

Financial ratio is one critical component of assessing a hospital's financial condition and widely accepted in the industry. The ratios are derived from financial data elements found in the template and represent financial indicators that can be classified into the following five categories: *profitability*, *liquidity*, *capital structure*, *asset efficiency*, and *"other"*. Hospitals whose data showed the greatest variation were notified and provided an opportunity to comment on the data. These comments can be found under the **"Hospital Comments"** tab.